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ABSTRACT

Part of the study on "The Education of Adults in New York in the Last Quarter of the Twentieth Century," the paper presents one entitlement approach, in the form of an outline/analysis of a possible bill that might be developed, as an alternative to financing life-long learning. The paper is intended to stimulate further discussion of the idea of Educational Entitlement (EE). Main provisions of the hypothetical bill would entitle every adult American to receive an annual EE, beginning three years after last enrollment as a regular high school or college student and remaining available throughout the individual's life, to be used for any of a broad range of educational activities. Funding possibilities would be annual funds appropriated by Congress or a special tax to pay for EE. Basic reasons cited for public subsidy of adult learning through EE include: (1) reducing the cost barrier for more adults to participate; (2) seeking to change the fact that those who now participate tend to be those who have already had more education; (3) providing adults with maximum decision-making in determining their education; and (4) adjusting public financing policy for education toward a position of "age neutrality" for adults. (EA)

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Revised Draft
February 5, 1975

FINANCING LIFE-LONG LEARNING

An Approach to an Age-Neutral Educational Entitlement

In recent years there has been growing support for the idea that educational opportunity must be available to people throughout their lives. Many suggestions have been put forward for removing the financial barriers to widespread participation in life-long learning. Prominant among these suggestions have been various proposals for grants or entitlements to individuals to be used at any time to pay for educational services. This paper presents one entitlement approach. It is based upon considerable discussion of alternative approaches. The presentation is in the form of an outline and analysis of a possible bill that might be developed to implement the idea. At this time no bill has been drawn. This paper is intended to stimulate further discussion of the idea. Reactions to the paper will help determine whether the time has come to put the idea forward for legislative consideration.

CE004953

AN ANALYSIS OF THE BILL
"THE ADULT LIFE-LONG LEARNING ACT"

The bill provides financial assistance to/all/selected groups of/adults to assist them in undertaking learning activities at any time in their lives and it provides for needed support arrangements to help adults use their learning benefit most effectively.

The bill recognizes the growing importance of life-long learning to the future viability of American society and marks a major commitment of the American people to the goal of equity of access to learning opportunities for all Americans.

The main provisions of the bill are:

1. Every adult American (25)* and older would receive an annual Education Entitlement (EE) which in the first year of the program would be worth ($200.00).

2. The EE could be used for any of a broad range of educational activities including counseling, tuition, purchase of educational materials, support while studying, contributions to educational and cultural agencies, and other activities specified in the bill.

3. Unused EE would remain available throughout the individual's life and would earn interest at a rate specified in the bill.

4. At any time prior to age (65) that an individual had used all of his EE he could draw upon his future EE. The amount he could draw would be found by multiplying the current year's EE. The amount he could draw would be found by multiplying the current year's EE by the difference between his present age and (65).

*Numbers placed in parentheses indicate that they are subject to change.

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August 4, 1975

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AN ANALYSIS OF A POSSIBLE BILL: "THE ADULT LIFELONG LEARNING ACT"

NOTE: This is a revision of pages 2-4 of the paper "Financing Lifelong Learning: An Approach to an Age-Neutral Educational Entitlement", February 5, 1975. The discussion in that paper is only slightly affected by these revisions.

The bill* provides financial assistance to adults to assist them in undertaking learning activities at any time in their lives and it provides for needed support arrangements to help adults use their learning benefits most effectively.

The bill recognizes the growing importance of lifelong learning to the future viability of American society and marks a major commitment of the American people to the goal of equity of access to learning opportunities for all Americans.

The main provisions of the bill are:

1. Every adult American would receive an annual Educational Entitlement (EE) which in the first year of the program would be worth ($200.00)**.

2. The EE will begin (3) years after last enrollment as a regular high school or college student.

3. The EE could be used for any of a broad range of educational activities including counseling, tuition, purchase of educational materials, support while studying, contributions to educational and cultural agencies, and other activities specified in the bill.

4. Unused EE would remain available throughout the individual's life and would earn interest at a rate specified in the bill.

5. When an individual has used all of his EE, he can draw upon his future EE for some period (5-10 years).

6. The Congress shall annually appropriate funds or: provide a special tax to pay for the EE.

*Note that no bill has yet been drawn.

**Numbers placed in parentheses indicate that they are subject to change.

7. The states will determine which organizations shall be eligible to receive EE funds under guidelines to be set by the Secretary of HEW. The states will similarly have responsibility for monitoring the performance of providers.

8. EE will be treated as taxable income in the year used.

9. Funds are authorized to enable each State to establish a system of information and counseling services to insure that persons wishing to use their EE know what educational alternatives are available to them and to insure that they have help, if needed, in planning their education. Included are provisions to insure maximum utilization of existing services.

5. Persons over (65) would continue to receive annual EE but would not have drawing rights.

6. The EE will be managed by a public corporation established for the purpose, with structure and duties prescribed in the bill.

7. The Congress shall/annually appropriate funds/ or: provide a special tax/ to meet the claims against the corporation and for operating expenses. The corporation shall have the power to issue bonds, adjust the interest rate on the EE, and do such other things as may be required.

8. Each individual will have an EE account with the corporation and will draw against it by writing checks to eligible providers of EE services.

9. The states will determine which organizations shall be eligible to receive EE funds under guidelines to be set by the Secretary of HEW. The states will similarly have responsibility for monitoring the performance of providers.

10. EE will be treated as taxable income in the year used.

11. An individual who prior to age (25) shall have had any educational benefits paid for directly or indirectly by public funds, shall have the age at which the EE begins increased by one year for each year in which his public support exceeded the EE in the year in which he became (25), except that support to complete high school or its equivalent will not be counted.

An alternative would be to have the EE begin (5) years after last enrollment as a regular high school or college student.

12. Funds are authorized to enable each State to establish a system of information and counseling services to insure that persons wishing to use their EE know what educational alternatives are available to them and to insure that they have help, if needed, in planning their education. Included are provisions to insure maximum utilization of existing services.

Reasons for the Bill

In the kind of world adults will be living from now on, no one can ever consider his learning needs fully satisfied. To live well, even to live at all, will in the future require that all of us have access to learning opportunities that will help us cope with a rapidly changing world. We will need to learn the requirements of new jobs and even new careers several times during our lives. We will need to learn to cope with changes in the political, social and economic systems in which we live. We will need to learn to adjust to new technologies that will impinge on our lives as forcefully as television has in the recent past. We will need to be able to contribute to the solution of critical societal problems that will require a level of public understanding that, hopefully, education can provide. Because we will live longer and have more periods throughout our lives in which we will not need to work, we will need activities that can enrich and enchance those hours and years.

Even without new public programs to support adult learning, thousands of adults are currently responding to the needs indicated above. Adult participation in educational activities has been going up at an accelarating rate. Enrollment of part-time students in four-year colleges and universities rose 7.8 per cent this year to nearly 2 million while full-time enrollments increased 1.9 per cent. The average age of students at community college is now 27. A 1972 survey indicated that 1.5 million persons 35 and older were enrolled full time in a school or college. Somewhat over half were in college. In New York State, if demographic trends are followed, part-time undergraduate enrollments are likely to grow form 215,600 in 1973 to 249,400 in 1980, and to 260,000 in 1990. If institutions are able to initiate programs designed to meet the specific needs of adults, the growth is likely to be even greater. Part-time undergraduate enrollments could increase to as much as 300,000 by 1980 and 341,000 by 1990. (New York State Board of Regents, 1974 Progress Report on Post-Secondary Education)

Business and labor are reflecting their interest in increased opportunity by providing educational benefits in employee contracts. Growth in the use of libraries, in the sales of "serious" books and periodicals, and in the support for educationally oriented television are further signs of adult interest in learning.

If there is so much adult participation already, why should there be any further public subsidy of adult learning? There are four basic reasons:

1. The first reason is a matter of equity. While there are large number of adults engaged in learning activities, there are ample indications that there are millions more who would like to do so but cannot, in part, at least, because of the cost involved. The EE would be a major contribution in reducing the cost barrier.

2. Another equity factor stems from the well-documented fact that those who now participate tend to be those who already in their earlier years have had more education. More education, particularly success in education, tends to generate a desire for more education. Thus, if nothing is done the inequities resulting from the differences in the extent of earlier education will be perpetuated throughout life. The EE can go a long way to expressing to all adults the value and importance that our society accords to life-long learning.

Even with funds available, those with the least education are likely to take least advantage of their EE. If this proves to be the case, it may be necessary to provide additional incentives either to them directly or to institutions that might thereby make a special effort to reach them.

3. The third reason for the EE relates to the demography of our society. In the next 25 years the numbers of persons over 20 is going to go up dramatically, from 127.7 million in 1970 to nearly 190 million in the year 2000. Furthermore, because of the emphasis on education in the fifties and sixties, this is going to be the best educated adult population in the history of the world. For reasons indicated above, it is going to want more education and it is going to have the votes to get what it wants. The issue, therefore, is going to be, not <u>whether</u> there should be subsidies for adult education, but <u>how</u> such subsidies should be provided. The two basic alternatives are providing funds to institutions to develop programs for adults, as is now done for high school equivalency and manpower training programs, or providing funds directly to individuals, as is now done for veterans. The EE is of the latter type and is proposed for the following reasons:

A key characteristic of the adult learner is that he can make his own decisions. Flowing funds to institutions minimizes the adult decision making role; giving the funds to the individual maximizes that role. The basic assumption underlying the EE plan is that the overall educational results will be better for individuals and for society if adults have a key decision-making role in determining what they will learn, when and under what conditions. The adult who feels he is in control because he controls the money is likely to get more out of any educational activity than the adult who is doing something that someone else decided would be desirable for him.

What the EE does is give full recognition to the maturity of the adult learner and to the diversity of needs of adults.

This is not to say that the EE will do away with the need for all institutional grants. To the contrary, it allows for a highly desirable mix of decision making roles. Governments will still have to decide whether there are social needs that will be left unmet if individuals make all the decisions. If it is decided that there are needs to be met, government can fund the <u>development</u> of the desired program but leave the operating costs to be drawn wholly or partially from the fees of participants paid by EE or their own resources. This will provide a check on whether the program is addressing itself to the needs of the learners as well as of society. No educational program, no matter how worthy its goals, will have any real success if it does not also appeal to the interests and needs of the individuals who are expected to learn in the program.

4. A fourth reason for public support for adult learning is to adjust public financing policy for education to the changing realities of our world. Up to now public educational finance policy has been, quite properly, oriented to youth. Now, however, as education throughout life becomes a matter of public interest, this policy orientation should be shifted. There will always be powerful reasons for individuals to take most of their education early in life and this will continue to be reflected in the public financing of elementary and secondary education. But as individuals move into adulthood, there is no longer any reason for public policy to bias the decision as to when an adult will take his publicly subsidized education. At the present time we can say to individuals: "If you want public help with your education as an adult you must take it between the ages of 18 and 22 and be a full-time student, primarily in a college or university." For many individuals these are not the best years for education. Some, therefore, forego their entitlement while others become reluctant students who might be better off doing something else. What the EE plan says is: "If you decide to forego all or some of your public entitlement to education when you are young, you still may exercise your entitlement at any later point in life under conditions that you as an adult will largely determine." This step will move public financing policy toward a position of "age neutrality" for adults.

Provision by Provision Analysis

1. Every adult American (25) and older would receive an annual Educational Entitlement (EE) which in the first year of the program would be worth ($200).

Age 25 has been selected as the starting point for the EE to put the emphasis clearly on education beyond the college years. The EE could begin as early as 22 without affecting the principle but it could affect the cost. Moving the starting age to 16 or 18 would result in overlapping this approach with existing college student aid programs. This may be desirable direction to go, particularly if other efforts to resolve the current problems with student aid are not successful.

Still another alternative, would be to have the EE begin a certain number of years (5) after last enrollment as a regular high school or college student. This would be a simpler relation to previous education although there would be some problem with the part-time student whose costs are subsidized.

The $200 initial EE is based on a calculation that indicates that this would result in a level of educational expenditures over the lifetimes of the individuals involved that would meet individual needs and be reasonably related to the proportion of the Gross National Product that our society is likely to want to commit to lifelong learning.

2. The EE could be used for any of a broad range of educational activities including counseling, tuition, purchase of educational materials, support during study, contributions to educational and cultural agencies, and other activities specified in the bill.

Use of EE for counseling is a key provision. Availability of good counseling should help individuals make decisions about the best use of the EE.

A portion of the EE may be used by an individual to make contributions to non-profit educational or cultural agencies such as schools, colleges, libraries, museums, performing arts groups or public television and radio stations. This arrangement broadens the use of the EE and gives every individual a chance to have a role in determining which institutions are supported.

The wide range of options insure that nearly every individual will find some use for his EE. This is in sharp contract with current educational entitlements, such as free or low-tuition in public colleges, which are lost by most people.

3. Unused EE would remain available throughout the individual's life and would earn interest at a rate specified in the bill.

Lifetime availability further helps insure that every individual will find an appropriate use for his EE. The interest that the EE would earn would be set by the EE Corporation, taking into account two factors: (1) The current interest rates earned by government securities and (2) The rate at which people were using their EE in relation to the availability of education services. If people were over-taxing resources and thus causing price inflation, the interest would be raised to encourage more people to defer use of their EE. If the reverse were happening, the interest rate would be lowered. Thus, a responsibility of the corporation would be to maintain a balance between educational supply and demand.

4. At any time prior to age (65) that an individual had used all of his EE he could draw upon his future EE. The amount he could draw would be found by multiplying the current year's EE by the difference between his present age and (65).

This arrangement would allow individuals to use their EE at the times during their lives most appropriate to meeting their needs. Future EE would always be just capable of retiring debts arising from the exercise of drawing rights. If future EE are larger than projected, an individual could pay back his debt faster and have his rights restored earlier. If a person dies before age 65, with a debt, it would be cancelled. For this reason persons over 65 would not have drawing rights. (Provision 5)

6. The EE will be managed by a public corporation established for the purpose, with structure and duties prescribed in the bill.

A program of this magnitude should have its own management. It would be expected to draw heavily on the experience of such other large-scale programs as Social Security and the Internal Revenue Service.

7. The Congress shall/annually appropriate funds/ or: provide a special tax/ to meet the claims against the corporation and for operating expenses. The corporation shall have the power to issue bonds, adjust the interest rate on the EE, and do such other things as may be required.

The amount and manner of funding the EE is, of course, one of the most crucial issues. Assuming that 15 million individuals each year would use EE at an average of $500 each, there would be an annual expenditure of $7.5 billion. Offsetting this would be funds saved in programs displaced by the EE as well as increase tax revenues resulting from the tax treatment of EE. The entire matter of levels of benefits, costs of the program, and methods of financing needs careful study.

Whether to fund EE from general revenues on an annual basis or by levying a special tax for the purpose and creating a trust fund is a debatable matter. Study of the advantages and disadvantages of each approach should help decide the matter.

8. Each individual will have an EE account with the corporation and will draw against it by writing checks to eligible providers of EE services.

This appears to be the simplest possible way to operate the program. It involves instruments (checks) that are familiar to most Americans and it uses the existing check clearing system whose procedures are fully developed and costs per item modest. It follows the IRS principle of post-audit. That is, individuals and institutions would not need prior approval of EE expenditures. Accounts would be subject to periodic audits and expenditures found to be improper would be disallowed and recovery made. Just as with IRS, there would need to be advisory services to help individuals determine whether any particular expenditure is allowable.

There are, of course, many administrative arrangements that will need to be worked out in order to create a viable program.

9. The states will determine which organizations shall be eligible to receive EE funds under guidelines to be set by the Secretary of HEW. The states will similarly have responsibility for monitoring the performance of providers.

The approval and monitoring functions will be among the most crucial ones left to the states. Much of the success of the EE will depend on the care with which the states exercise these functions. Prompt and vigorous investigation of complaints will be imperative as well as the imposition of appropriate sanctions on institutions found to be in violation of the law or the regulations of the EE program.

10. EE will be treated as taxable income in the year used.

Whether this is a desirable provision requires further study. It would presumably help to equalize the impact of the program. Persons with little or no taxable income could use all of their entitlement for educational purposes. As income increases, individuals will have to cover increasing proportions of their educational expenditures from their own resources. Whether or not a particular use of EE were tax deductible, would be determined by prevailing IRS rules, thus putting the EE within the framework of existing arrangements.

11. An individual who, prior to age (25) shall have had any educational benefits paid for directly or indirectly by public funds, shall have the age at which the EE begins increased by one year for each year in which his public support exceeded the EE in the year in which he became 25, except that support to complete high school or its equivalent will not be counted.

This provision deals with the problem of equity that would arise if no recognition were taken of the fact that many individuals will already have had considerable public subsidy of their education prior to age 25 while others will have had little or none. To adjust the post 25 entitlement by the actual amount of pre-25 subsidy would create nearly insurmountable administrative problems, and would exclude too many people too long from participation.

The adjustment by years of subsidy seems to be a reasonable compromise. Of course, if the EE were to begin earlier and include college aid, this adjustment would be unnecessary.

A simpler approach to the same problem is the alternative of beginning the EE five years after last enrollment as a regular high school or college student.

12. Funds are authorized to enable each state to establish a system of information and counseling services to insure that persons wishing to use their EE know what educational alternatives are available to them and to insure that they have help, if needed, in planning their education. Included are provisions to insure maximum utilization of existing services.

A key factor in the success of the EE program will be the availability to each individual of current, accurate information on what educational opportunities are available to him in his community or elsewhere. Closely related to the need for information is the counseling services that can help an individual identify his specific learning needs and determine where they can best be met. The counselor should also help individuals get the services they need and even, where circumstances warrant, serve as an advocate for the student.

Since there are various counseling services in many communities, the bill addresses ways to build upon already existing resources.